

COMMUNITY ACTION AGENCIES DIVISION[427]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to Iowa Code section 541A.5, the Commission on Community Action Agencies hereby proposes to adopt new Chapter 14, "Individual Development Accounts (IDAs)," Iowa Administrative Code.

Individual development accounts (IDAs) are established in Iowa Code chapter 541A. These rules establish the policies and procedures governing IDAs in replacement of 441—Chapter 10, Iowa Administrative Code.

The IDA is a tax-benefited means for an individual whose annual household income does not exceed 200 percent of the federal poverty level to accumulate assets and earnings on assets for long-term purposes that lead to family self-sufficiency. Withdrawal of funds from an individual's IDA is intended to be used for any or all of the following purposes: educational costs at an institution of higher learning; job training costs; purchase of a primary residence; capitalization of a small business start-up; an improvement to a primary residence which increases the tax basis of the property; emergency medical costs for the account holder or for a member of the account holder's family which is limited to a single withdrawal during the life of the account in an amount not to exceed 10 percent of the account balance at the time of the withdrawal; purchase of an automobile; or purchase of assistive technology, home or vehicle modification, or other device or physical improvement to assist an account holder or family member with a disability.

Contributions up to \$2,000 made to an account by the individual are eligible for state match payments at a 1:1 ratio. Income earned on assets in an account is not subject to state income taxes.

Adults may transfer account assets to another individual's account without tax or penalty. Transfer of funds from a child's account is prohibited, and withdrawals must be for purposes approved by the operating organization.

The Division of Community Action Agencies shall administer the IDA program in partnership with local community organizations. The Division will issue requests for proposals (RFPs) for organizations to design and operate local IDA projects. Within the constraints of these rules and the enabling legislation, the local organizations shall have maximum flexibility to design an IDA project that best suits the needs of their local communities. Review criteria used to select local IDA operating organizations will include: safety and security of the investment mechanism, ability to link individual deposits with other services, performance requirements, matching funding for accounts, innovation and creativity in planning and implementation, and reporting and evaluation plans. The Division shall approve the establishment of the local IDA programs through an agreement with the selected operating organizations.

A public hearing to receive comments on the proposed rules will be held on March 31, 2009, at 11 a.m. in Room 208 at the Lucas State Office Building, 321 East 12th Street, Des Moines, Iowa.

The Division will accept public comments concerning the proposed rules until March 31, 2009. Comments should be addressed to William Brand, Administrator, Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; or faxed to (515)242-6119. E-mail may be sent to William Brand at bill.brand@iowa.gov.

These rules were also Adopted and Filed Emergency and are published herein as **ARC 7613B**. The content of that submission is incorporated by reference.

These rules are intended to implement Iowa Code chapter 541A and 2008 Iowa Acts, chapter 1178, divisions III and IV.